

Message Text

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ORIGIN EB-08

INFO OCT-01 AF-10 ARA-14 EUR-12 EA-12 NEA-10 IO-14
ISO-00 L-03 SIG-02 AGRE-00 CIAE-00 INR-07 NSAE-00
INRE-00 SSO-00 COME-00 TRSE-00 STR-06 USIE-00
PRS-01 PA-02 CTME-00 ITC-01 /103 R

DRAFTED BY EB/ICD/TRP:DHBURNS:BLO
APPROVED BY EB:RHORMATS, ACTING
EB/ORF/ICD:EAWENDT
L/EB:CROH

-----092672 210126Z /62

O 210037Z JAN 78

FM SECSTATE WASHDC

TO ALL AMERICAN REPUBLIC DIPLOMATIC POSTS IMMEDIATE

AMEMBASSY ABIDJAN IMMEDIATE

AMEMBASSY BANGKOK IMMEDIATE

AMCONSUL BELIZE IMMEDIATE

AMEMBASSY BONN IMMEDIATE

AMEMBASSY BRUSSELS IMMEDIATE

AMCONSUL CALI IMMEDIATE

AMEMBASSY CANBERRA IMMEDIATE

AMCONSUL CAPE TOWN IMMEDIATE

AMEMBASSY COPENHAGEN IMMEDIATE

AMCONSUL DURBAN IMMEDIATE

USMISSION GENEVA IMMEDIATE

AMCONSUL GUAYAQUIL IMMEDIATE

AMEMBASSY KHARTOUM IMMEDIATE

AMEMBASSY LILONGWE IMMEDIATE

AMEMBASSY LONDON IMMEDIATE

AMEMBASSY MAPUTO IMMEDIATE

AMEMBASSY MANILA IMMEDIATE

AMEMBASSY MBABANE IMMEDIATE

AMEMBASSY MOSCOW IMMEDIATE

AMEMBASSY NEW DELHI IMMEDIATE

AMEMBASSY OTTAWA IMMEDIATE

AMEMBASSY PARIS IMMEDIATE

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AMEMBASSY PORT LOUIS IMMEDIATE
AMEMBASSY PRETORIA IMMEDIATE
AMCONSUL RIO DE JANEIRO IMMEDIATE
AMCONSUL SAO PAULO IMMEDIATE
AMEMBASSY SEOUL IMMEDIATE
AMEMBASSY STOCKHOLM IMMEDIATE
AMEMBASSY SUVA IMMEDIATE

AMEMBASSY TAIPEI IMMEDIATE
AMEMBASSY ANTANANARIVO IMMEDIATE
AMEMBASSY TOKYO IMMEDIATE
AMEMBASSY THE HAGUE IMMEDIATE
AMEMBASSY VIENNA IMMEDIATE
AMEMBASSY WELLINGTON IMMEDIATE

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USEEC ALSO FOR EMBASSY, USOECD ALSO FOR EMBASSY

E.O. 11652: N/A

TAGS: ETRD, EAGR

SUBJECT: REVISED IMPORT FEES ON SUGAR

REF: 77 STATE 272438

MEXICO FOR ASSISTANT SECRETARY KATZ

1. ON JANUARY 20, PRESIDENT CARTER ISSUED PROCLAMATION REVISING FEES ON IMPORTED SUGAR. IN ESSENCE, PRESIDENT HAS DECIDED THAT IMPORTED SUGAR WILL BE SUBJECT TO FIXED FEES OF 2.7 CENTS PER POUND FOR RAW SUGAR AND 3.22 CENTS PER POUND FOR REFINED SUGAR. FIXED FEE SYSTEM REPLACES UNCLASSIFIED

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VARIABLE FEE SYSTEM DECREED IN PROCLAMATION OF NOVEMBER 11 (SEE REFTEL) UNDER WHICH FEE COULD VARY BETWEEN 0 - 3.32 CENTS PER POUND. DUTY OF 2.81 CENTS PER POUND ON RAW SUGAR (2.98 ON REFINED) PROCLAIMED ON NOVEMBER 11 IS UNCHANGED BY PRESENT PROCLAMATION. ACTION IS EFFECTIVE JANUARY 21, 1978. PROCLAMATION WILL REMAIN IN EFFECT UNTIL PRESIDENT HAS ACTED ON REPORT OF THE U.S. INTERNATIONAL TRADE COMMISSION DUE BY MARCH 15.

2. PRESIDENT HAS ALSO GIVEN DIRECTIONS TO INTERNATIONAL TRADE COMMISSION TO EXPAND ITS INVESTIGATION IN IMPORTED SUGAR TO DETERMINE WHETHER SUGAR-CONTAINING PRODUCTS

MAY INTERFERE WITH PRICE SUPPORT OPERATIONS.

3. FOLLOWING IS EXCERPT FROM STATEMENT BY THE PRESIDENT ACCOMPANYING JANUARY 20 PROCLAMATION:

BEGIN QUOTE - MY DECISIONS TODAY ADDRESS CRITICAL PROBLEMS THAT HAVE ARISEN SINCE THE ISSUANCE OF MY NOVEMBER 11 PROCLAMATION:

-- OUR PRICE OBJECTIVES FOR IMPORTED SUGAR ARE PROTECTED.
OUR OBJECTIVE ON IMPORTED REFINED SUGAR IS 4.0 CENTS A
POUND ABOVE THE IMPORTED RAW SUGAR PRICE OBJECTIVE, AN
AMOUNT EQUAL TO THE REFINING LOSS AND REFINING COSTS.

-- CURRENT AND PROSPECTIVE MARKET CONDITIONS INDICATE THAT
HAD WE CONTINUED THE SYSTEM OF VARIABLE FEES, IMPORTED
REFINED SUGAR WOULD NOT BE SUBJECT TO IMPORT FEES, AND
THERE WOULD BE STRONG INCENTIVES TO IMPORT SUGAR IN REFINED,
RATHER THAN RAW FORM. REFINED SUGAR HAS BEEN ENTERING THE
UNITED STATES AT AN UNPRECEDENTED RATE.

-- BECAUSE I HAVE INSTRUCTED THE INTERNATIONAL TRADE
COMMISSION TO CONDUCT AN INVESTIGATION AND REPORT TO ME
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THEIR RECOMMENDATIONS, THE FIXED FEES THAT I HAVE
ANNOUNCED ARE BEING IMPLEMENTED IN A TEMPORARY PROGRAM
UNDER EMERGENCY AUTHORITIES.

-- THE FIXED FEE SYSTEM EASES THE ADMINISTRATIVE BURDEN,
REDUCES THE POTENTIAL FOR PRICE MANIPULATION, AND IS
FAMILIAR TO THE TRADE.

-- IF I FIND, BASED ON THE NEW FIXED FEE SYSTEM, THAT
EFFORTS CONTINUE TO BE MADE TO TAKE ADVANTAGE OF THE SYS-
TEM, I WILL NOT HESITATE TO TAKE EVEN MORE STRINGENT
ACTIONS. THE DUMPING OF IMPORTED SUGAR ON OUR DOMESTIC
MARKET WILL NOT BE TOLERATED. END QUOTE.

4. IN PRESS CONFERENCE COVERING PRESIDENTIAL PROCLAMATION,
DR. HOWARD HJORT OF USDA NOTED THAT KEY FEATURE OF
PRESIDENTIAL PROCLAMATION WAS CHANGE FROM VARIABLE TO
FIXED FEE SYSTEM. OLD SYSTEM GAVE CONSTANT U.S. PRICE.
UNDER NEW SYSTEM U.S. PRICE VARIES AS WORLD PRICE VARIES.
HJORT STRESSED HOWEVER THAT PRICE OBJECTIVE FOR U.S.
DOMESTIC SUGAR REMAINS AT 13.5 CENTS PER POUND. BETWEEN
MID-AUGUST AND MID-DECEMBER WORLD MARKET PRICE AVERAGED
7.3 CENTS PER POUND, HJORT SAID. 7.3 CENTS THUS
REPRESENTS AVERAGE PRICE OF COMPLETED TRANSACTIONS FOR
SUGAR TO BE ENTERED INTO U.S. IN EARLY 1978. (WORLD RAW
SUGAR PRICE OF 7.3 CENTS PLUS DUTY, FREIGHT, AND

INSURANCE OF 3.50 CENTS PLUS NEW FIXED FEE OF 2.7 YIELDS
DOMESTIC PRICE FOR RAW SUGAR OF 13.50 CENTS PER POUND). CHRISTOPHER

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Message Attributes

Automatic Decaptioning: X
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Draft Date: 21 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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ISecure: 1
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Litigation History:
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Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
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TAGS: ETRD, EAGR
To: ALL POSTS ABIDJAN MULTIPLE
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